

CONSERVANCY EXECUTIVE DIRECTOR COMPENSATION

Recommended Action: Consideration and possible authorization of adjustments to the California Tahoe Conservancy (Conservancy) Executive Director's compensation.

Location: Not applicable

Fiscal Summary: The annualized cost to the Conservancy support budget of the recommended salary adjustment would mostly come from the California Environmental License Plate Fund.

Overview

Description of Recommended Action

Staff recommends the California Tahoe Conservancy (Conservancy) Board discuss and adopt a compensation adjustment to address compaction issues and comparability with other State and Lake Tahoe Basin (Basin) agency executive pay. The recommended compensation adjustment follows the California Department of Human Resources (CalHR) Personnel Management Liaisons (PML) memorandum (PML 2014-033) (Attachment 1) regarding the appropriate salary for executive positions to address compaction, comparability, retention, and recruitment issues.

History

Government Code section 66906.6 authorizes the Board to determine the Executive Director's compensation:

The governing body shall determine the qualification of, and it shall appoint and fix the salary of, the executive officer of the agency, and shall employ such other staff pursuant to the State Civil Service Act as may be necessary to execute the powers and functions provided for under this act or in accordance with any

intergovernmental contracts or agreements the agency may be responsible for administering.

The current Conservancy Executive Director, Patrick Wright, was appointed in 2006 at a salary of \$101,508. In accordance with CalHR guidance, this salary was established by the Board based on factors such as duties, responsibilities, organization relationships, and comparable positions with similar roles. In the decade since his appointment, however, the Conservancy's Executive Director has not received any major salary adjustments to keep pace with these factors, other than small (i.e., three percent on average) general State employee pay increases and one five percent salary increase in 2013. Table 1 below summarizes the Executive Director's salary history since his appointment.

| Table 1: Conservancy Executive Director Pay History | | | | | |
|--|-------------------------|---------------------------|-------------------------|------|----------------------|
| Date | Transaction Code | New Monthly Salary | Monthly Increase | | Annual Salary |
| 1/3/2006 | A30 | \$8,459 | | | \$101,508 |
| 12/1/2006 | GEN | \$8,755 | \$296 | 3.5% | \$105,060 |
| 7/01/2007 | GEN | \$9,053 | \$298 | 3.4% | \$108,636 |
| 7/01/2013 | SAL | \$9,512 | \$459 | 5.1% | \$114,144 |
| 7/01/2015 | GEN | \$9,750 | \$238 | 2.5% | \$117,000 |
| 10/01/2016 | GEN | \$10,043 | \$293 | 3% | \$120,516 |
| 7/01/2017 | GEN | \$10,445 | \$402 | 4% | \$125,340 |

A30- DPA Exempt Appointment

GEN-General Salary Change

SAL-Other Salary Changes

Salary Compaction Issues

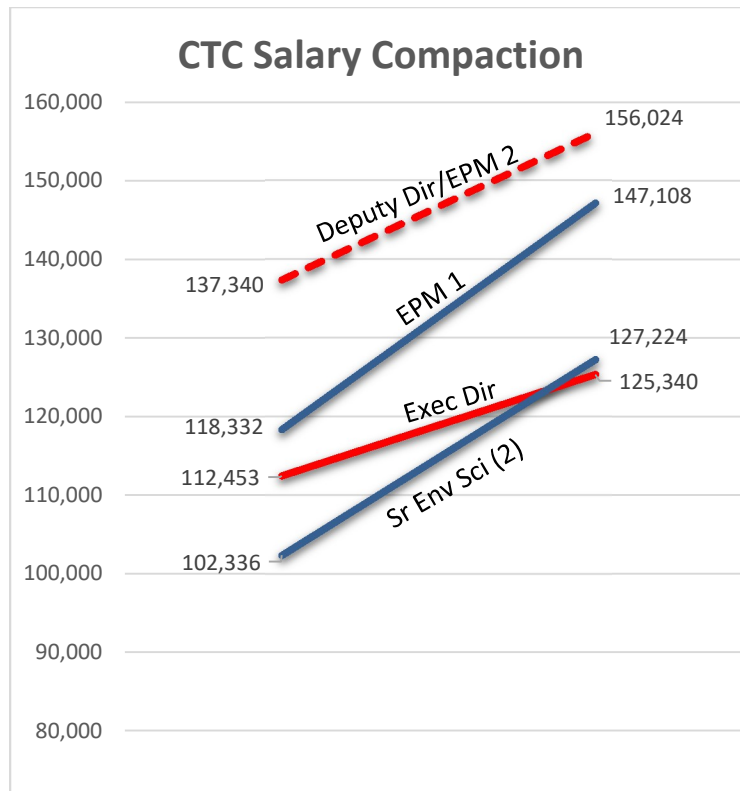
At the time of his appointment, the Executive Director was paid more than all Conservancy employees except the most senior attorney. During the last decade, however, several Conservancy staff and mid-level managers have received significant salary increases. In 2014, for example, staff and managers in various scientific job classifications throughout State government received significant salary increases.

As shown in Table 2 below, the Conservancy's Executive Director now earns approximately 20 percent less than the Deputy Director, and the top end of his salary range is lower than that of several Conservancy mid-level managers. For example, the Conservancy recently filled a mid-level supervisory position at the Environmental

Program Manager (EPM) 1 level. The top end of the salary range for this position is nearly \$22,000 higher than the Executive Director's salary.

| Table 2: Conservancy Senior and Compaction-related Salaries | | | |
|--|---|-----------------------|-----------------------|
| Employee/Title | Classification | Current Salary | Pay Scale |
| Patrick Wright Executive Director | Executive Officer | \$125,340 | \$112,453 - \$125,340 |
| Jane Freeman Deputy Director | Environmental Program Manager II | \$151,488 | \$137,340 - \$156,024 |
| Michael Steeves Staff Counsel | Attorney IV | \$149,508 | \$117,384 - \$150,720 |
| Dorian Fougères Chief of Natural Resources | Environmental Program Manager I (Supervisory) | \$118,332 | \$118,332 - \$147,108 |
| Jason Vasques Recreation, Access, and Forest Ecosystem Planning Supervisor | Senior Environmental Scientist (Supervisor) | \$102,336 | \$102,336 - \$127,224 |
| Stuart Roll Watershed and Ecosystem Restoration Program Supervisor | Senior Environmental Scientist (Supervisor) | \$102,336 | \$102,336 - \$127,224 |

These recent State salary increases have created what the State calls a “compaction” issue, which occurs when the salary of a supervisor is less than the employees he or she manages. In 2014, CalHR provided direction to State agencies affected by compaction of salaries. According to PML Memorandum 2014-033 at p. 1, departments should request executive salary increases when the executive's salary “is not 2.5% to 5% greater than the maximum salary of the highest subordinate's classification.” As shown below, this compaction occurs at several levels below the Executive Director.

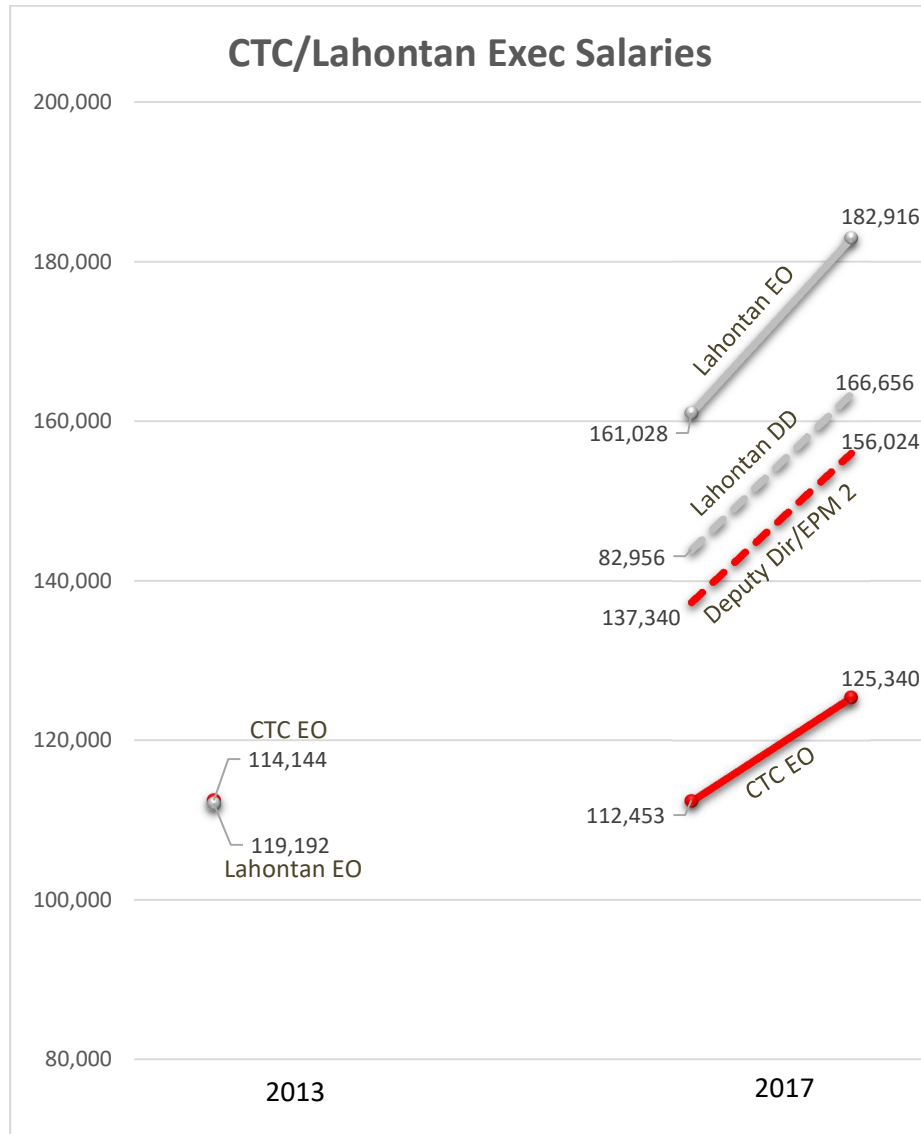


It should be noted that State agencies are generally not expected to address compaction issues related to senior managers with specialized expertise. For example, CalHR guidance (PML 2014-033 at p.3) notes that State employees in the Career Executive Assignment (CEA) may make less than a subordinate “when the subordinate classes require special qualifications as a physician, engineer, or attorney,” while the executive “performs a more high level administrative policy role that does not require the same special qualifications.” In this case, however, the subordinate supervisors share the same qualifications as the Executive Director and several other staff, and the Executive Director has passed the State exams for these classifications.

Salary Comparability, Retention, and Recruitment

In addition to compaction issues, CalHR guidance states that the Board should consider whether the Conservancy Executive Director’s salary is comparable to the salaries of other State agency executives with similar duties and responsibilities, and is at level necessary to retain and recruit highly qualified employees in leadership positions. In the Lake Tahoe Basin (Basin), for example, the Lahontan Regional Water Quality Control Board (RWQCB) has significantly increased its executive salaries to address compaction and comparability issues. In 2013, the salary ranges of the Conservancy and Lahontan RWQCB executives were similar. Today, however, as shown below, the salary

range of the Lahontan RWQCB Executive Officer has increased to a range from \$161,028 to \$182,916 while the range of the Conservancy's Executive Director remains at a range from \$112,453 to \$125,340.



Salaries of several other State agency executives and mid-level managers have also increased significantly in recent years, and are now considerably higher than the Executive Director's salary, which will significantly reduce the Board's ability to retain and recruit candidates for its Executive Director, and impacts the standing of the Conservancy in the Basin and regionally. As shown in Table 3 below, the Conservancy's Executive Director not only earns about 20 percent less than both the Executive Officer and Assistant Executive Officer at the Lahontan RWQCB, but significantly less than regional mid-level managers at the California Department of Transportation (CalTrans),

Department of Parks and Recreation (DPR), California Department of Forestry and Fire Protection (CAL FIRE), California Department of Fish and Wildlife (DFW), and other State agencies. In July 2017, the Governing Board of the Tahoe Regional Planning Agency, a bi-state agency, raised the compensation of its Executive Director from \$149,115 to \$188,605 based on an analysis of comparable executive salaries. In summary, the salary of the Conservancy's Executive Director is no longer at a level that is consistent with CalHR guidance related to comparability, retention, and recruitment.

| Table 3: Lake Tahoe Basin CA State Executive/Management Salaries | | | | |
|---|-----------------------|-----------------------------|--------------------|-----------------------|
| Agency | Employee | Title | 2017 Salary | Pay Scale |
| State Executives | | | | |
| Tahoe Regional Planning Agency | Joanne Marchetta | Executive Director | \$188,605 | NA |
| Lahontan RWQCB | Patty Z. Kouyoumdjian | Executive Officer | \$161,028 | \$161,028 - \$182,916 |
| Lahontan RWQCB | Doug Smith | Assistant Executive Officer | \$155,688 | \$82,956 - \$166,656 |
| Conservancy | Patrick Wright | Executive Director | \$125,340 | \$112,453 - \$125,340 |
| Conservancy | Jane Freeman | Deputy Director | \$151,488 | \$137,340 - \$156,024 |
| Other State Mid-Level Managers in the Tahoe Region | | | | |
| CalTrans | Amarjeet Benipal | District 3 Director | \$169,520 | 82,956 - 190,620 |
| CAL FIRE | Christopher Anthony | Assistant Chief | \$151,129* | Unavailable |
| DFW | Tina Bartlett | Regional Manager | \$150,800 | \$82,956 - \$190,620 |
| DPR | Marilyn Linkem | State Park Superintendent V | \$147,949* | \$108,204 - \$134,988 |

*includes bonus pay

Local and regional executive salaries, as shown in Table 4, have also increased significantly in recent years, but the State does not typically give these salaries much weight in evaluating comparability issues.

| Table 4: Local/Regional Agency Executive Salaries | | | |
|--|---------------------------|-----------------|------------------|
| Agency | Employee | Title | Salary |
| City of SLT | Nancy Kerry | City Manager | \$195,081 (2017) |
| El Dorado County | Don Ashton | CAO | \$201,650 (2016) |
| Placer County | David Boesch (retired) | CEO | \$264,903 (2016) |
| STPUD | Richard Solbrig | General Manager | \$212,014 (2016) |
| NTPUD | Duane Whitelaw | General Manager | \$192,100 (2016) |
| TCPUD | Cindy Gustafson (retired) | General Manager | \$219,989 (2015) |

Finally, salaries of the other large State conservancy executives have also not kept pace with recent salary increases for other State executive and mid-level managers, but are also now higher than the Tahoe Conservancy Executive Director's salary. The Executive Officers of the Coastal and Sierra Nevada Conservancies earn \$128,000 and \$131,000, respectively, and the Executive Officer of the Delta Conservancy, a much smaller agency, earns \$137,580, about 10 percent more than the Tahoe Conservancy's Executive Director.

Staff Recommendation

According to CalHR and Government Code section 19825.5, salary adjustments for State officers are based on "the size and scope of the organization, compensation paid to other similar positions in other public jurisdictions, the scope of responsibility of the position, the need to avoid salary compaction, and other factors appropriate to the determination of compensation necessary to recruit and retain qualified employees in leadership positions for the state." In addition, to address salary compaction issues, PML Memorandum 2014-03 at p.1 states that agencies should request executive salary increases when the executive's salary "is not 2.5% to 5% greater than the maximum salary of the highest subordinate's classification."

Consistent with the guidance from CalHR, the Board should consider setting the Executive Director salary at five percent above the Deputy Director's maximum salary (\$156,024), which is \$163,825. This level would address the Conservancy's salary compaction issue, and would begin to address the comparability, retention, and recruitment criteria. Also, this salary would fall within the lower end of the salary range of the Executive Officer at the Lahontan RWQCB. Alternatively, the Board could consider setting the Executive Director salary at 2.5 percent above the Deputy Director's maximum salary, which is \$159,924. Staff also recommends that the Board establish a process for periodically reviewing the Executive Director's salary based on guidance from CalHR to avoid future compaction issues.

Financing

The proposed salary adjustment would be paid largely from the California Environmental License Plate Fund in the Conservancy's support budget.

Authority**Consistency with the Conservancy's Enabling Legislation**

The recommended compensation adjustment is consistent with the Conservancy's enabling legislation. Specifically, Government Code section 66906.6 authorizes the Board to determine Executive Director compensation.

Consistency with the Conservancy's Strategic Plan

The recommended action is consistent with the Strategic Plan in that it promotes overall agency operational efficiency and administrative capabilities (Strategy IV), including retention and succession planning. It also helps the Conservancy maintain its role as a strategic leader in the Basin (Strategy I) by ensuring the agency attracts and maintains a professional executive director who helps set and oversee implementation of the Conservancy's vision, mission, and strategic goals.

Consistency with External Authorities

The recommended action is consistent Government Code section 19825 regarding salary approval and CalHR PML 2014-033.

Compliance with the California Environmental Quality Act

The Executive Director's pay compensation does not involve any commitment to any specific activity which has the potential to result in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment, and is therefore not a "project" within the meaning of the California Environmental Quality Act.

List of Attachments

Attachment 1 – CalHR PML Memorandum 2014-033

Conservancy Staff Contact

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